



***Condensed Interim
Financial Information
for the Quarter Ended
September 30, 2009***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2009

We are pleased to present your Company's individual and consolidated financial information for the quarter ended September 30, 2009. This condensed interim financial information is un-audited and is being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984. This has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. The consolidated financial statements incorporate the Company's 98% owned Farmacia retail venture, as well as its subsidiary BF Biosciences Limited.

Your Company's Individual and Consolidated Financial Results

A summary of the operating results for the year and appropriation of the divisible profits is given below:

	Individual		Consolidated	
	Quarter Ended 30-Sep-2009	Quarter Ended 30-Sep-2008	Quarter Ended 30-Sep-2009	Quarter Ended 30-Sep-2008
	(Rupees in thousands)			
Sales (net)	298,038	212,569	345,753	240,063
Gross Profit	142,689	113,447	163,508	119,302
Profit before tax	88,076	48,467	73,588	52,005
Taxation	(24,361)	(12,294)	(25,109)	(13,713)
Profit after tax	63,716	36,173	48,479	38,291

Net Sales of your Company's pharmaceutical operations grew by 40% for the 1st Quarter under review when compared to the same quarter last year. Similarly, consolidated net sales including Farmacia also showed an increase of 44% for the 1st quarter in comparison with sales for the same period last year. This higher increase is mainly attributable to two factors: first, Sales during Q1 of last year were disturbed by our shift in distribution from a fragmented network to a unified national distributorship. In subsequent Quarters after the changeover, we have benefited from an improved system, which is also reflected in the current Quarter's improved Sales. Second, based on an improved structure in the Marketing & Sales department, the Company has been able to successfully launch new products while extracting higher growth from its mainstay products.

However, the individual and consolidated cost of sales of our company showed a higher increase of 57% and 51% respectively in comparison with the cost of sales of the same quarter last year. This is primarily because of the transfer of in-hand inventory of Biotech products from the company to the subsidiary company M/s BF Biosciences Limited during the quarter under review. These biotech products were being imported in finished form and therefore carried a lower GP. As locally produced biotech inventory replaces some of our largest selling Biotech products in the future, we expect our margins on these products to improve substantially.

Depreciation of the Rupee, increased raw material prices and dependence on diesel fuel for generating electricity for smooth running of operations during excessive load shedding have also contributed towards increased cost of sales.

Your Company's Net Profit before Tax increased by 82%, whereas Net Profit After Tax (NPAT) increased by 76% during the quarter under review in comparison with the same period last year. This is mainly because the selling and distribution costs relating to biotech products have also been shifted to the subsidiary company while transferring the biotech products.

The Company's contribution in sales and commission income from its relationship with Boston Scientific has also improved substantially during the Quarter under review.

Based on the net profit for the quarter ended September 30, 2009, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 3.06 compared to EPS of Rs. 2.19 of same respective period of last year, on the enhanced capital of Rs. 208.329 Million after the issuance of bonus share during the quarter.

BF Biosciences Limited Operational Status

Effective July 1, 2009, your Company's Biotech portfolio and inventory were transferred to its joint venture subsidiary, BF Biosciences Limited. We are glad to report that all that following its inauguration, BF Biosciences Limited your company's subsidiary has received registration certificates for most of its locally produced medicines, and expects to enter commercial production after completing stability studies on its initial product batches.

Future Outlook

We believe that your company has the potential to maintain its positive sales growth from the quarter under review into the rest of the year. Our new launches in the cardiology, gastroenterology and hepatology segments are gathering pace, and we expect to strengthen our portfolios in these segments through further launches in the last quarter of the current year as well as in the year ahead.

The Company's Boston Scientific division has strengthened its presence in the medical device market in the cardiology, neurology, endoscopy and peripheral intervention segments. Together with our existing medical platforms, particularly in Cardiology, Gastroenterology and Oncology, we believe your company can create powerful synergies to help doctors save more lives and serve their patients in a better way.

We must underscore, however, that our expectations are tempered by the political and economic conditions prevailing in our country and the inherent risks therein. Unfortunately, there appears to be limited cognizance by the government of the challenges being faced by the industry today.

As mentioned in earlier reports, unless the Government takes appropriate fiscal and administrative measures to reduce the cost of business and investment in Pakistan – tax incentives, adequate provision of utilities at competitive rates, and reduced cost of lending to name a few – new efforts such as the one being made by your Company will suffer, and the chances of Pakistan's success in new, knowledge-based industries will remain dim.

Acknowledgment

We are grateful to our valued prescribers in the medical community for their continued faith in our products, and to our employees for striving hard to embody their Company's values and building its trust and credibility in the customers' eyes through their dedication and hard work.

We also remain thankful to our distributors, financial institutions, suppliers and business partners for their continued cooperation. Their support has gone a long way in making these results possible in extremely trying circumstances.

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson & CEO

CONDENSED INTERIM BALANCE SHEET

		September 30, 2009 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	3	208,328,786	173,607,322
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		<u>808,869,304</u>	<u>796,200,236</u>
		1,017,519,933	970,129,401
SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax	4	246,439,167	247,474,526
NON CURRENT LIABILITIES			
Long term financing - secured	5	<u>85,125,000</u>	<u>99,312,500</u>
Liabilities against assets subject to finance lease		<u>296,580</u>	<u>475,003</u>
Deferred liability for taxation		<u>53,403,252</u>	<u>53,960,117</u>
		138,824,832	153,747,620
CURRENT LIABILITIES			
Trade and other payables		<u>177,061,004</u>	<u>146,275,665</u>
Accrued markup on long term financing		<u>3,867,356</u>	<u>4,187,777</u>
Current portion of long term financing	5	<u>56,750,000</u>	<u>56,750,000</u>
Current portion of liabilities against assets subject to finance lease		<u>929,513</u>	<u>983,653</u>
Provision for taxation - net		<u>15,018,515</u>	<u>361,151</u>
		253,626,388	208,558,246
		<u>1,656,410,320</u>	<u>1,579,909,793</u>
CONTINGENCIES AND COMMITMENTS	12	-	-

The annexed notes 1 to 14 form an integral part of these financial statements.

AS AT SEPTEMBER 30, 2009

	Note	September 30, 2009 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	715,948,472	735,614,952
Long term investments	7	217,547,509	214,806,189
Long term loan		85,125,000	99,312,500
Long term deposits		979,370	969,370
Derivative asset-interest rate swap		31,143	31,143
CURRENT ASSETS			
Stores, spares and loose tools		4,108,454	3,628,845
Stock in trade		273,164,315	272,988,349
Trade debts - considered good	8	104,519,459	49,545,707
Current portion of long term loan		113,500,000	99,312,500
Loans and advances - considered good		13,227,312	7,367,988
Deposits and prepayments		7,181,628	7,293,812
Interest accrued		35,261,864	29,804,338
Other receivables		38,429,478	1,881,726
Other financial assets	9	10,509,790	35,069,367
Cash and bank balances		36,876,526	22,283,007
		636,778,826	529,175,639
		<u>1,656,410,320</u>	<u>1,579,909,793</u>

Director

Chairperson & CEO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	NOTE	Quarter Ended September 30, 2009 Un-Audited (Rupees)	Quarter Ended September 30, 2008 Un-Audited (Rupees)
Net sales		298,038,073	212,569,198
Cost of sales	10	<u>(155,349,082)</u>	<u>(99,122,141)</u>
Gross profit		142,688,991	113,447,057
Other income		17,328,593	2,383,803
Administrative expenses		(20,998,826)	(17,000,714)
Selling and distribution cost		(46,999,460)	(46,941,617)
Finance cost		(721,660)	(239,698)
Other expenses		(5,962,489)	(6,069,001)
Share in profit of Farmacia - 98% owned partnership firm		<u>2,741,320</u>	<u>2,887,203</u>
Profit before taxation		88,076,469	48,467,033
Provision for taxation		(24,360,564)	(12,294,340)
Profit after taxation		<u>63,715,905</u>	<u>36,172,693</u>
Earnings per share - basic and diluted		<u>3.06</u>	<u>2.19</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Quarter Ended September 30, 2009 Un-Audited (Rupees)	Quarter Ended September 30, 2008 Un-Audited (Rupees)
Cash flow from operating activities		
Profit before taxation	88,076,469	48,467,033
Adjustment for:		
Depreciation	12,990,829	9,946,086
Gain on disposal of property, plant and equipment	(1,382,027)	(553,850)
Finance cost	721,660	239,698
Dividends, capital gains and income from investments and deposits	(12,960,962)	(1,356,755)
Exchange Gain	-	(473,198)
(Gain)/Loss on remeasurement of short term investments	(2,985,604)	2,114,632
Share in profit of Farmacia-98% owned subsidiary firm	(2,741,320)	(2,887,203)
	(6,357,424)	7,029,410
	<u>81,719,045</u>	<u>55,496,443</u>
Working capital changes		
Increase in stocks and stores	(655,575)	(39,067,863)
Increase in trade debtors	(54,973,752)	(10,247,937)
Increase in loans, advances, deposits, prepayments and other receivables	(19,893,845)	(12,298,949)
Increase in trade and other payables	13,132,686	4,217,696
	<u>(62,390,486)</u>	<u>(57,397,053)</u>
Cash generated from operations	<u>19,328,559</u>	<u>(1,900,610)</u>
Finance cost	(6,323,918)	(6,537,607)
Taxes paid	(10,260,065)	(25,204,927)
	<u>(16,583,983)</u>	<u>(31,742,534)</u>
Net cash from/(used in) operating activities	<u>2,744,576</u>	<u>(33,643,144)</u>
Cash flow from investing activities		
Long term loan recovered	-	14,187,500
Purchase of property, plant and equipment	(16,394,752)	(43,705,968)
Purchase of short term investments	(2,290,971)	(10,000,000)
Sale proceeds from short term investments	35,384,335	30,000,000
Dividends, capital gains and income from investments and deposits	7,578,612	3,340,003
Sale proceeds of property, plant and equipment	2,041,383	2,611,750
Net cash from/(used in) investing activities	<u>26,318,607</u>	<u>(3,566,715)</u>
Cash flow from financing activities		
Payment of finance lease liabilities	(232,563)	(647,783)
Proceeds from short term financing	-	46,883,652
Proceeds from long term financing	-	-
Repayment of long term financing	(14,187,500)	(14,187,500)
Dividend paid	(49,601)	(117,275)
Net cash (used in)/from financing activities	<u>(14,469,664)</u>	<u>31,931,094</u>
Net increase/(decrease) in cash and cash equivalents	<u>14,593,519</u>	<u>(5,278,765)</u>
Cash and cash equivalents at the beginning of the period	<u>22,283,007</u>	<u>35,807,461</u>
Cash and cash equivalents at the end of the period	<u>36,876,526</u>	<u>30,528,696</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Share capital (Rupees)	Capital reserve (Rupees)	Revenue reserve Unappropriated profit (Rupees)	Total (Rupees)
Balance as at June 30, 2008	144,672,768	321,843	681,242,280	826,236,891
Total Comprehensive income for the period				
Profit for the period after taxation	-	-	36,172,693	36,172,693
Other Comprehensive income				
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	1,134,222	1,134,222
Total other comprehensive income for the period			1,134,222	1,134,222
Total comprehensive income for the period			37,306,915	37,306,915
Distribution to owners				
Final dividend for the year ended June 30, 2008 Rs. 3.00 per share	-	-	(43,401,830)	(43,401,830)
Bonus shares issued at 20% for the year ended June 30, 2008	28,934,554	-	(28,934,554)	-
Total Transactions with owners	28,934,554		(72,336,384)	(43,401,830)
Balance as at September 30, 2008	173,607,322	321,843	646,212,811	820,141,976
Balance as at June 30, 2009	173,607,322	321,843	796,200,236	970,129,401
Total Comprehensive income for the period				
Profit for the period after taxation	-	-	63,715,905	63,715,905
Other Comprehensive income				
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	1,035,359	1,035,359
Total other comprehensive income for the period			1,035,359	1,035,359
Total comprehensive income for the period			64,751,264	64,751,264
Distribution to owners				
Final dividend for the year ended June 30, 2009 Rs. 3.00 per share	-	-	(17,360,732)	(17,360,732)
Bonus shares issued at 20% for the year ended June 30, 2009	34,721,464	-	(34,721,464)	-
Total Transactions with owners	34,721,464	-	(52,082,196)	(17,360,732)
Balance as at September 30, 2009	208,328,786	321,843	808,869,304	1,017,519,933

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	2009	2008
	Rupees	Rupees
Profit for the period after tax other comprehensive income	63,715,905	36,172,693
Transfer from surplus on revaluation of fixed assets income recognized directly in equity	1,592,860	1,744,957
Related deferred tax liability	(557,501)	(610,735)
Total Comprehensive income for the period	<u><u>64,751,264</u></u>	<u><u>37,306,915</u></u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
 October 26, 2009

Director

Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

1. STATUS AND OPERATIONS

Ferozsons Laboratories Limited ("the Company") was incorporated as a private limited company on 28th January 1954 and was converted into a public limited company on 8th September 1960. The Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The Company is primarily engaged in the manufacture and sale of pharmaceuticals products and its registered office is situated at 197-A, The Mall, Rawalpindi. The Company is domiciled in Rawalpindi, Pakistan.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

2.2 This condensed interim financial information is un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.3 Except as described below, the accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed financial information are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2009.

2.3.1 The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective as of January 01, 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these condensed interim financial statements for the three months period ended on September 30, 2009.

Comparative information has been re-presentaed so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

3. SHARE CAPITAL

Authorized share capital:

25,000,000 (2009: 25,000,000)

ordinary shares of Rs. 10 each

**September 30,
2009
(Rupees)**

June 30,
2009
(Rupees)

250,000,000

250,000,000

Issued, subscribed and paid up capital:

1,441,952 (2009: 1,442,952)

ordinary shares of Rs. 10 each fully paid in cash

14,419,520

14,419,520

119,600 (2009: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged

1,196,000

1,196,000

19,271,327 (2009: 15,799,180) ordinary shares of Rs. 10 each issued as fully paid bonus shares

192,713,266

157,991,802

208,328,786

173,607,322

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July	275,722,172	282,701,998
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the period/year:		
- Net of deferred tax	(1,035,359)	(4,536,887)
- Related deferred tax liability	(557,501)	(2,442,939)
	<u>(1,592,860)</u>	<u>(6,979,826)</u>
Surplus on revaluation of fixed assets as at 30 September	274,129,312	275,722,172
Related deferred tax liability:		
- On Revaluation as at 01 July	(28,247,646)	(30,690,585)
- Transferred to profit and loss account Incremental depreciation charged during the period/year	557,501	2,442,939
	<u>(27,690,145)</u>	<u>(28,247,646)</u>
	<u>246,439,167</u>	<u>247,474,526</u>
5. LONG TERM FINANCING - secured		
Opening balance	156,062,500	212,812,500
Less: Repayments during the period/year	(14,187,500)	(56,750,000)
	<u>141,875,000</u>	156,062,500
Less: Current portion shown under current liabilities	(56,750,000)	(56,750,000)
	<u>85,125,000</u>	<u>99,312,500</u>

The Company has entered into a pay fix, receive variable interest rate swap agreement with a bank to hedge the interest rate exposure on the above mentioned long term financing at notional amount of Rs. 275 million. As per the terms of the agreement the company will pay fix interest rate @ 12.8% p.a. to the bank and will receive 3 months PKR KIBOR. Effective period of swap is from July 25, 2007 till July 25, 2011. This swap agreement arrangement does not qualify for hedge accounting under the requirements of International Accounting Standard - 39 "Financial Instruments: Recognition and Measurement".

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
6. PROPERTY, PLANT and EQUIPMENT		
Opening net book value	735,614,952	610,987,413
Add:		
Additions during the period/year	16,394,752	173,828,447
Less:		
Written down value of disposals	(23,070,403)	(4,176,415)
Depreciation for the period/year	(12,990,829)	(45,024,493)
	<u>(36,061,232)</u>	<u>(49,200,908)</u>
	<u>715,948,472</u>	<u>735,614,952</u>

	NOTE	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
6.1 Additions during the period/year represents:			
Freehold land		500,000	2,000,000
Building on freehold land		23,400	9,165,940
Plant and machinery		250,425	6,389,289
Office equipments		579,540	15,895,309
Furniture and fixtures		12,440	171,398
Computers		630,567	2,672,225
Vehicles-owned		5,630,800	44,283,400
Capital work in progress		8,767,580	93,250,886
		<u>16,394,752</u>	<u>173,828,447</u>
7. LONG TERM INVESTMENTS			
Investment in Farmacia - 98% owned subsidiary partnership firm	7.1	65,514,464	62,773,144
Investment in BF Biosciences Limited - 80% owned subsidiary	7.2	151,999,960	151,999,960
Available for sale-unquoted shares		33,085	33,085
		<u>217,547,509</u>	<u>214,806,189</u>
7.1 Investment in Farmacia			
Opening balance		62,773,144	51,392,911
Share in profit for the Quarter		2,741,320	11,380,233
		<u>65,514,464</u>	<u>62,773,144</u>
<p>This represent company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail shop. Share of profit for the year not withdrawn is treated as reinvestment in capital account of partnership.</p>			
7.2 Investment in BF Biosciences Limited			
<p>This represents investment made in 11,199,996 ordinary shares of Rs. 10 each, in BF Biosciences Limited.</p> <p>BF Biosciences Limited was set up for establishing a Biotech Production Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% of equity of the subsidiary and the remaining 20% is held by Laboratories Bagó S.A., Argentina. The Company expects to start its commercial operation in the second half of the fiscal year.</p>			
8. TRADE DEBTS - CONSIDERED GOOD			
<p>This includes Rs.54,411,359 as receivables from the subsidiary company, BF Biosciences Limited. Effective July 01, 2009 biotech products were transferred to the subsidiary company as per the Joint Venture Agreement between Ferozsons Laboratories Limited and Laboratories Bagó S.A., Argentina.</p>			
9. OTHER FINANCIAL ASSETS			
Investment at fair value through profit or loss - listed securities	9.1	10,509,790	35,069,367
		<u>10,509,790</u>	<u>35,069,367</u>

9.1 Investments at fair value through profit or loss - listed securities

Number of shares		Name of Companies	September 30, 2009 (Rupees)		June 30, 2009 (Rupees)	
September 2009	June 2009		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	1,154,000	1,541,500	1,788,750	1,154,000
-	118,800	Pakistan Petroleum Ltd Ordinary shares of Rs. 10 each	-	-	26,566,920	22,517,352
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	1,643,215	1,957,840	1,643,869	1,643,215
-	50,000	Pakistan Telecommunication Co.Ltd. Ordinary shares of Rs. 10 each	-	-	727,943	862,000
290,000	290,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	2,436,000	4,089,000	2,852,317	2,436,000
-	20,000	Pakistan Oilfields Ltd. Ordinary shares of Rs. 10 each	-	-	3,235,471	2,918,000
-	45,000	Oil & Gas Development Company Ltd. Ordinary Shares of Rs.10 each	-	-	3,505,442	3,538,800
35,000	-	National Bank of Pakistan Ordinary Shares of Rs.10 each	2,290,971	2,921,450	-	-
			7,524,186	10,509,790	40,320,712	35,069,367
		Unrealised gain/(loss) on account of remeasurement to fair value	2,985,604		(5,251,345)	
			10,509,790	10,509,790	35,069,367	35,069,367

10. COST OF SALES

	NOTE	Quarter Ended September 30, 2009 (Rupees)	Quarter Ended September 30, 2008 (Rupees)
Material consumed	10.1	118,538,575	95,373,391
Manufacturing expenses		25,313,065	23,302,393
Opening Work in process		7,791,792	5,206,081
		151,643,432	123,881,865
Less: closing work in process		(11,955,640)	(7,056,504)
Cost of goods manufactured		139,687,792	116,825,361
Add: opening finished goods		123,514,890	87,060,584
		263,202,682	203,885,945
Less: closing finished goods		(107,853,600)	(104,763,804)
Cost of sales		155,349,082	99,122,141
10.1 Material consumed			
Opening stock		134,222,613	86,298,725
Add: purchases during the period		111,930,294	109,959,098
		246,152,907	196,257,823
Less: closing stock		(127,614,332)	(100,884,432)
		118,538,575	95,373,391

11. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated companies, Contributory provident fund, major shareholders, directors and key management personnel. Transactions with related parties during the period are as follows:

	September 30, 2009 (Rupees)	September 30, 2008 (Rupees)
Farmacia-98% owned subsidiary firm		
Sale of medicines	7,650,715	10,715,918
Share of profit	2,741,320	2,887,203
BF Biosciences Limited-80% owned subsidiary		
Repayment of loan	-	14,187,500
Financial charges on long term loan	5,457,526	5,759,447
Amount of capital work in progress transferred by the parent company	23,401,241	-
This represents the stock of Biotech product Stock transfer to the subsidiary company.	54,411,359	-
Other expenses directly paid by the Company	8,960,898	-
Other related parties		
Contribution to employee provident fund	1,702,225	1,624,308

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
12. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i Guarantees issued by banks on behalf of the Company	455,460	5,455,640
Commitments:		
ii Capital Expenditure	24,473,782	31,415,419
iii Letter of credits other than for capital expenditure	56,008,306	23,370,273

13. General

The figures have been rounded off to the nearest rupee.

14. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors or the Company on **October 26, 2009**.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO



***Condensed Interim
Consolidated Financial
Information for the
Quarter Ended
September 30, 2009***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

		September 30, 2009 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	3	208,328,786	173,607,322
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		795,471,426	795,036,930
		<u>1,004,122,055</u>	<u>968,966,095</u>
MINORITY INTEREST		<u>35,987,598</u>	<u>38,990,296</u>
TOTAL EQUITY		<u>1,040,109,653</u>	<u>1,007,956,391</u>
SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax	4	246,439,167	247,474,526
NON CURRENT LIABILITIES			
Long term financing - secured	5	150,531,250	174,062,500
Liabilities against assets subject to finance lease		296,580	475,003
Deferred liability for taxation		53,403,252	53,960,116
		<u>204,231,082</u>	<u>228,497,619</u>
CURRENT LIABILITIES			
Trade and other payables		207,689,609	166,505,160
Short term borrowings - secured			548,554
Accrued markup on long term financing		6,378,297	6,983,134
Current portion of long term financing	5	94,125,000	94,125,000
Current portion of liabilities against assets subject to finance lease		929,513	983,653
Provision for taxation - net		9,166,283	-
		<u>318,288,702</u>	<u>269,145,501</u>
		<u>1,809,068,604</u>	<u>1,753,074,037</u>
CONTINGENCIES AND COMMITMENTS	10	-	-

The annexed notes 1 to 12 form an integral part of these financial statements.

SHEET AS AT SEPTEMBER 30, 2009

	Note	September 30, 2009 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,267,553,655	1,273,098,467
Long term investments		33,085	33,085
Long term deposits		1,524,570	5,061,570
Derivative asset-interest rate swap		31,143	31,143
CURRENT ASSETS			
Stores, spares and loose tools		4,108,454	3,628,845
Stock in trade		310,299,208	280,924,884
Trade debts-considered good		86,139,842	57,955,059
Loans and advances-considered good		21,435,608	7,964,738
Deposits and prepayments		8,984,247	7,293,812
Interest accrued		-	996,428
Other receivables		2,698,450	1,768,991
Advance income tax - net		-	4,598,809
Other financial assets	7	39,414,869	63,974,446
Cash and bank balances		66,845,473	45,743,760
		539,926,151	474,849,772
		<u>1,809,068,604</u>	<u>1,753,074,037</u>

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	NOTE	Quarter Ended September 30, 2009 Un-Audited (Rupees)	Quarter Ended September 30, 2008 Un-Audited (Rupees)
Net sales		345,752,895	240,062,851
Cost of sales	9	<u>(182,244,401)</u>	<u>(120,760,506)</u>
Gross profit		163,508,494	119,302,345
Other income		18,517,263	3,603,049
Administrative expenses		(26,436,761)	(17,535,167)
Selling and distribution cost		(65,877,599)	(49,145,783)
Finance cost		(10,160,936)	(265,290)
Other expenses		<u>(5,962,489)</u>	<u>(3,954,369)</u>
Profit before taxation		73,587,972	52,004,785
Provision for taxation		<u>(25,109,337)</u>	<u>(13,713,482)</u>
Profit after taxation		<u>48,478,635</u>	<u>38,291,303</u>
Attributable to:			
Shareholders of the parent company		51,481,333	38,226,887
Minority interest		<u>(3,002,698)</u>	<u>64,416</u>
		<u>48,478,635</u>	<u>38,291,303</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi
 October 26, 2009

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Quarter Ended September 30, 2009 Un-Audited (Rupees)	Quarter Ended September 30, 2008 Audited (Rupees)
Cash flow from operating activities		
Profit before taxation	73,587,972	52,004,785
Adjustments for:		
Depreciation	26,983,471	10,042,296
Gain on disposal of property, plant and equipment	(1,381,108)	(553,850)
Finance cost	10,160,936	265,290
Dividends, capital gains and income from investments and deposits	(14,150,551)	(2,576,001)
Exchange Gain	-	(473,198)
Loss on remeasurement of short term investments	(2,985,604)	(949,100)
	<u>18,627,144</u>	<u>5,755,437</u>
	<u>92,215,116</u>	<u>57,760,222</u>
Working capital changes		
Increase in stocks and stores	(29,853,933)	(41,674,132)
Increase in trade debtors	(28,184,783)	(15,673,178)
Increase in loans, advances, deposits, prepayments and other receivables	13,458,852	(12,632,740)
Increase in trade and other payables	23,531,795	6,943,102
	<u>(21,048,069)</u>	<u>(63,036,948)</u>
Cash generated from operations	71,167,047	(5,276,726)
Finance cost paid	(10,424,251)	(7,130,970)
Taxes paid	(11,901,110)	(24,945,315)
	<u>(22,325,361)</u>	<u>(32,076,285)</u>
Net cash from/(used in) operating activities	48,841,686	(37,353,011)
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,144,632)	(57,669,640)
Purchase of short term investments	(2,290,971)	(110,000,000)
Sale proceeds from short term investments	35,384,335	30,000,000
Dividends, capital gains and income from investments and deposits	9,598,796	2,825,664
Sale proceeds of property, plant and equipment	2,074,464	2,611,750
Net cash used in investing activities	(3,378,008)	(132,232,226)
Cash flows from financing activities		
Payment of finance lease liabilities	(232,563)	(647,783)
Proceeds from long term financing	-	87,926,150
Repayment of long term financing	(23,531,250)	(14,187,500)
Proceeds from short term financing	(548,554)	54,155,182
Proceeds from minority share capital contribution	-	10,000,000
Dividend paid	(49,601)	(117,275)
Net cash (used in)/from financing activities	(24,361,968)	137,128,774
Net increase/(decrease) in cash and cash equivalents during the period	21,101,710	(32,456,463)
Cash and cash equivalents at beginning of the period	45,743,760	71,042,595
Cash and cash equivalents at end of the period	66,845,470	38,586,132

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Share capital (Rupees)	Capital reserve (Rupees)	Revenue reserve Unappropriated profit (Rupees)	Total (Rupees)	Minority Interest (Rupees)	Total (Rupees)
Balance as at June 30, 2008	144,672,768	321,843	680,223,326	825,217,937	28,794,135	854,012,072
Total Comprehensive income for the period						
Profit for the period after taxation	-	-	38,226,887	38,226,887	64,416	38,291,303
Other Comprehensive income						
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	1,134,222	1,134,222	-	1,134,222
Total other comprehensive income for the period			1,134,222	1,134,222	-	1,134,222
Total comprehensive income for the period			39,361,109	39,361,109	64,416	39,425,525
Distribution to owners						
Final dividend for the year ended June 30, 2008 Rs. 3.00 per share	-	-	(43,401,830)	(43,401,830)	-	(43,401,830)
Bonus shares issued at 20% for the year ended June 30, 2008	28,934,554	-	(28,934,554)	-	-	-
Total Transactions with owners	28,934,554	-	(72,336,384)	(43,401,830)	-	(43,401,830)
Balance as at September 30, 2008	<u>173,607,322</u>	<u>321,843</u>	<u>647,248,051</u>	<u>821,177,216</u>	<u>28,858,551</u>	<u>850,035,767</u>
Balance as at June 30, 2009	173,607,322	321,843	795,036,930	968,966,095	38,990,296	1,007,956,391
Total Comprehensive income for the period						
Profit for the period after taxation	-	-	51,481,333	51,481,333	(3,002,698)	48,478,635
Other Comprehensive income						
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	1,035,359	1,035,359	-	1,035,359
Total other comprehensive income for the period			1,035,359	1,035,359	-	1,035,359
Total comprehensive income for the period	-	-	52,516,692	52,516,692	(3,002,698)	49,513,994
Distribution to owners						
Final dividend for the year ended June 30, 2009 Rs. 3.00 per share	-	-	(17,360,732)	(17,360,732)	-	(17,360,732)
Bonus shares issued at 20% for the year ended June 30, 2009	34,721,464	-	(34,721,464)	-	-	-
Total Transactions with owners	34,721,464	-	(52,082,196)	(17,360,732)	-	(17,360,732)
Balance as at September 30, 2009	<u>208,328,786</u>	<u>321,843</u>	<u>795,471,426</u>	<u>1,004,122,055</u>	<u>35,987,598</u>	<u>1,040,109,653</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	2009	2008
	Rupees	Rupees
Profit after tax	48,478,635	38,291,303
other comprehensive income		
Transfer from surplus on revaluation of fixed assets		
Net income recognized directly in equity	1,592,860	1,744,957
Related deferred tax liability	(557,501)	(610,735)
Total Comprehensive income	<u>49,513,994</u>	<u>39,425,525</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi
 October 26, 2009

Director

Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

1. STATUS AND OPERATIONS

Ferozsons Laboratories Limited (“the Company”) was incorporated as a private limited company on January 28, 1954 and was converted into a public limited company on September 08, 1960. The company is listed on the Karachi, Lahore and Islamabad stock exchanges. The company is primarily engaged in the manufacture and sale of pharmaceuticals products and its registered office is situated at 197-A, The Mall, Rawalpindi. The company is domiciled in Rawalpindi, Pakistan.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 “Interim Financial Reporting” as applicable in Pakistan.

2.2 This condensed interim financial information is un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.3 Except as described below, the accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed financial information are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2009.

2.3.1 The Group applies revised IAS 1 “Presentation of Financial Statements”, which became effective as of January 01, 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these condensed interim financial statements for the three months period ended on September 30, 2009.

Comparative information has been re-presentaed so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
3. SHARE CAPITAL		
Authorized share capital	<u><u>250,000,000</u></u>	<u><u>250,000,000</u></u>
Issued, subscribed and paid up capital	<u><u>208,328,786</u></u>	<u><u>173,607,322</u></u>

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July.	275,722,172	282,701,998
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the period/year:		
- Net of deferred tax	(1,035,359)	(4,536,887)
- Related deferred tax liability	(557,501)	(2,442,939)
	(1,592,860)	(6,979,826)
Surplus on revaluation of fixed assets as at 30 September	274,129,312	275,722,172
Related deferred tax liability:		
- On Revaluation as at 01 July	(28,247,646)	(30,690,585)
- Transferred to profit and loss account Incremental depreciation charged during the period/year	557,501	2,442,939
	(27,690,145)	(28,247,646)
	246,439,167	247,474,526
5. LONG TERM FINANCING - secured		
	268,187,500	274,386,350
Add. Disbursements during the period/year	-	87,926,150
Opening balance	268,187,500	362,312,500
Less: Repayments during the period/year	(23,531,250)	(94,125,000)
	244,656,250	268,187,500
Less: Current portion shown under current liabilities	(94,125,000)	(94,125,000)
	150,531,250	174,062,500

The Parent Company has entered into a pay fix, receive variable interest rate swap agreement with a bank to hedge the interest rate exposure on the long term financing from HBL at notional amount of Rs. 275 million. As per the terms of the agreement the company will pay fix interest rate @ 12.8% p.a. to the bank and will receive 3 months PKR KIBOR. Effective period of swap is from July 25, 2007 till July 25, 2011. This swap agreement arrangement does not qualify for hedge accounting under the requirements of International Accounting Standard - 39 "Financial Instruments: Recognition and Measurement".

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
6. PROPERTY, PLANT and EQUIPMENT		
Opening net book value	1,273,098,467	1,046,841,975
Add:		
Additions during the period/year	48,144,632	275,959,826
Less:		
Written down value of disposals	(26,705,972)	(4,300,622)
Depreciation	(26,983,472)	(45,402,712)
	(53,689,444)	(49,703,334)
	1,267,553,655	1,273,098,467

	Note	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
6.1 Additions during the period/year represents:			
Freehold land		500,000	2,000,000
Building on freehold land		8,586,966	9,165,940
Plant and machinery		15,088,100	6,389,289
Office equipments		646,121	15,984,697
Furniture and fixtures		12,440	173,760
Computers		630,567	2,685,725
Vehicles-owned		5,630,800	44,283,400
Capital work in progress		17,049,638	195,277,015
		48,144,632	275,959,826
7. OTHER FINANCIAL ASSETS			
Held to maturity investments - local currency		28,905,079	28,905,079
Investments at fair value through profit and loss - listed securities	7.1	10,509,790	35,069,367
		39,414,869	63,974,446

7.1 Investments at fair value through profit or loss - listed securities

Number of shares		Name of Companies	September 30, 2009 (Rupees)		June 30, 2009 (Rupees)	
September 2009	June 2009		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	1,154,000	1,541,500	1,788,750	1,154,000
-	118,800	Pakistan Petroleum Ltd Ordinary shares of Rs. 10 each	-	-	26,566,920	22,517,352
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	1,643,215	1,957,840	1,643,869	1,643,215
-	50,000	Pakistan Telecommunication Co.Ltd. Ordinary shares of Rs. 10 each	-	-	727,943	862,000
290,000	290,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	2,436,000	4,089,000	2,852,317	2,436,000
-	20,000	Pakistan Oilfields,Ltd. Ordinary shares of Rs. 10 each	-	-	3,235,471	2,918,000
-	45,000	Oil & Gas Development Company Ltd. Ordinary shares of Rs. 10 each	-	-	3,505,442	3,538,800
35,000	-	National Bank of Pakistan Ordinary Shares of Rs.10 each	2,290,971	2,921,450	-	-
			7,524,186	10,509,790	40,320,712	35,069,367
		Unrealised Gain / (loss)on account of remeasurement to fair value	2,985,604	-	(5,251,345)	-
			10,509,790	10,509,790	35,069,367	35,069,367

7.2 Held to maturity investment

This represents investment in term deposit receipts having maturity of three months which carries interest rate of 13.35% per annum.

		September 30, 2009	June 30, 2009
	NOTE	(Rupees)	(Rupees)
8. COST OF SALES			
Material consumed	8.1	144,271,817	117,011,756
Manufacturing expenses		47,330,126	23,302,393
Opening Work in process		7,791,792	5,206,081
		<u>199,393,735</u>	<u>145,520,230</u>
Less: closing work in process		<u>(11,955,640)</u>	<u>(7,056,504)</u>
Cost of goods manufactured		187,438,095	138,463,726
Add: opening finished goods		131,451,425	87,060,584
		<u>318,889,520</u>	<u>225,524,310</u>
Less: closing finished goods		<u>(136,645,119)</u>	<u>(104,763,804)</u>
Cost of sales		<u>182,244,401</u>	<u>120,760,506</u>
8.1 Material consumed			
Opening stock		134,222,613	97,207,390
Add: purchases during the period		137,663,536	134,203,732
		<u>271,886,149</u>	<u>231,411,122</u>
Less: closing stock		<u>(127,614,332)</u>	<u>(114,399,366)</u>
		<u>144,271,817</u>	<u>117,011,756</u>
9. TRANSACTIONS WITH RELATED PARTIES			
The related parties include associated companies, Contributory provident fund, major shareholders, directors and key management personnel. Transactions with related parties during the period are as follows:			
Other related parties			
Contribution to employee provident fund		1,702,225	1,624,308

	September 30, 2009 (Rupees)	June 30, 2009 (Rupees)
10. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i Guarantees issued by banks on behalf of the company	8,755,640	13,755,640
Commitments:		
ii Capital Expenditure	39,762,093	46,703,730
iii Letter of credits other than for capital expenditure	56,008,306	23,370,273

11. GENERAL

Figures have been rounded off to the nearest rupee.

Corresponding figures have been rearranged and / or reclassified, wherever necessary, for the purpose of comparison.

12. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors or the company on October 26, 2009.

Rawalpindi
October 26, 2009

Director

Chairperson & CEO